



BellSouth Telecommunications, Inc. 615 214-6301  
Suite 2101 Fax 615 214-7406  
333 Commerce Street  
Nashville, Tennessee 37201-3300

REC'D TEL  
REGULATORY  
Guy M. Hicks  
General Counsel

100 APR 6 PM 3 58

April 6, 2000

EXECUTIVE SECRETARY

**VIA HAND DELIVERY**

Mr. David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37245

Re: *Tariff Filing of BellSouth Telecommunications, Inc. to Reduce  
Grouping Rates in Rate Group 5 and to Implement a 3% Late Payment  
Charge*  
Docket No. 00-00041

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of the non-proprietary responses of BellSouth Telecommunications, Inc. to the Consumer Advocate Division's Data Requests. Copies of the enclosed are being provided to counsel of record.

Very truly yours,

Guy M. Hicks

jem

Enclosure

## CERTIFICATE OF SERVICE

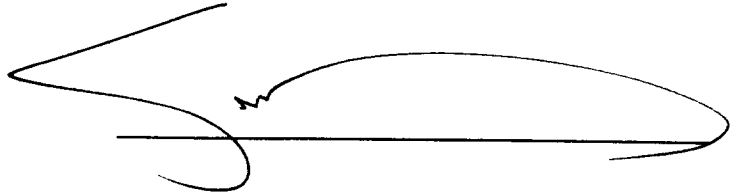
I hereby certify that on April 6, 2000, a copy of the foregoing document was served on the parties of record, via the method indicated:

- ☒ Hand
- ☐ Mail
- ☐ Facsimile
- ☐ Overnight

Gary Hotvedt, Esquire  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0500

- ☐ Hand
- ☒ Mail
- ☐ Facsimile
- ☐ Overnight

L. Vincent Williams, Esquire  
Office of Tennessee Attorney General  
425 Fifth Avenue North  
Nashville, Tennessee 37243

A large, stylized handwritten signature in black ink, likely belonging to L. Vincent Williams, Esquire, the Attorney General mentioned in the adjacent text block.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's First Interrogatories  
March 22, 2000  
General Objections  
Page 1

RECEIVED  
RECORDS SECTION  
MAR 23 6 PM 3 58  
EXECUTIVE SECRETARY

1. BellSouth objects to each Request to the extent that it purports to impose upon it any obligations more onerous or far reaching than those provided for in the Tennessee Rules of Civil Procedure or any other applicable statute, rule, or regulation.
2. BellSouth objects to each Request to the extent it would require BellSouth to reveal information or documents that are protected from disclosure by the attorney-client privilege, the work-product doctrine, or any other applicable privilege. 26.02(3).
3. BellSouth objects to each Request to the extent that it is not addressed to the tariff under consideration for approval in this docket.
4. BellSouth objects to each Request to the extent that it would require BellSouth to create or produce a document it does not maintain in the ordinary course of business.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's First Interrogatories  
March 22, 2000  
Item No. 2  
Page 1

REQUEST: Please state the average number of customers, who during an average month, make partial payments to BellSouth which equal or exceed the amount owed BellSouth for its provision of local basic exchange service to the customer?

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, BellSouth responds that it does not, in the ordinary course of its business, maintain documents that provide the information requested at the level of detail set forth in this Request.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's First Interrogatories  
March 22, 2000  
Item No. 3  
Page 1

REQUEST: Please state the average number of customers who during an average month make partial payments to BellSouth which equal or exceed the amount owed BellSouth for its provision of intrastate service to the customer?

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, BellSouth responds that it does not, in the ordinary course of its business, maintain documents that provide the information requested at the level of detail set forth in this Request.

REQUEST: Please produce any and all calculations of the estimated annual Tennessee late payment charge revenue that would be collected as the result of applying the proposed late payment charge to:

- a.) Revenues billed by BellSouth Telecommunications Tennessee on behalf of other nonaffiliated entities. (for example bills for interexchange carriers)
- b.) Revenue billed by BellSouth Telecommunications Tennessee on behalf of affiliated or related entities. (BellSouth Publishing, BellSouth Internet Service, etc.)
- c.) Revenue billed by BellSouth Telecommunications Tennessee for local service and for vertical services.
- d.) Revenue billed by BellSouth Telecommunications Tennessee for BellSouth IntraLATA Toll.
- e.) Total revenue billed by BellSouth Telecommunications to total of all Tennessee consumers.

(Please produce detailed workpapers.)

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, please see the response to request No. 7.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 10  
Page 1

REQUEST: For each and every allegation made by the Consumer Advocate Division in its complaint or Petition to Intervene and denied by BellSouth, please state and explain each and every ground and reason for the denial.

RESPONSE: BellSouth objects to this Request to the extent that it seeks the mental impressions or work product of its attorneys. Without waiving these objections, the allegations of the Complaint that BellSouth denies are primarily legal or policy arguments propounded by that CAD. BellSouth disagrees with these legal or policy arguments and, therefore, denied these allegations. The basis of BellSouth's disagreement is set forth throughout the several defenses it raises in its Answer.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 11  
Page 1

REQUEST: Please identify each and every person who provides answers to each discovery request.

RESPONSE: Chet Parker-Manager Pricing Strategy	Barry Danz-Manager Credit & Collection Management
Bruce Liles-Product Manager Consumer	Andy Nolen-Manager BellSouth Small Business
Tom Lohman-Sr. Director Pricing Strategy	Daonne Caldwell-Director Finance
Ann Pierce-Manager Regulatory Consumer	Wanda Yow-Manager Revenue Management and Tariff Support



BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 12  
Page 1

REQUEST: Please produce any and all studies and samples of customer payment patterns made by or on behalf of BellSouth from June 1995 to the present, including but not limited to, statistical studies and samples.

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, please see responses to Item Nos. 5 and 21.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 13  
Page 1

REQUEST: Please produce any and all criticism(s) and comments of any and all studies of customer payment patterns in BellSouth's possession or of which it has knowledge?

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, BellSouth responds that it is unaware of any such documents.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 16  
Page 1

REQUEST: Please state the amount of that portion of BellSouth's aggregate revenues arising solely from, or is allocated from its aggregate revenues for any and all things or items BellSouth regards as "charges" as of December 31, 1998 and December 31, 1999.

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 17  
Page 1

REQUEST: Please produce any and all references to late payments in any and all tariffs in all states served by BellSouth as of December 31, 1999.

RESPONSE: BellSouth objects to this request to the extent that it refers to any tariffs other than BellSouth tariffs filed with and approved by the Tennessee Regulatory Authority or its predecessor, the Tennessee Public Service Commission, on the grounds that: it is irrelevant and the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence; and it is vague and overly broad and that responding to it would be unduly burdensome. BellSouth also objects to this request on the grounds that the information addressed by this request is a matter of public record and is as readily available to the CAD as it is to BellSouth from other sources that are more convenient, less burdensome, or less expensive. This sources include, without limitation, the Internet at the web site <http://cpr.bst.bellsouth.com>. Without waiving these objections, please see the attached list of BellSouth tariff references to late payment charges.

**BELLSOUTH LATE PAYMENT TARIFF REFERENCES**

STATE	TARIFF REFERENCE	PAGE NUMBER
ALABAMA	A2	14
ALABAMA	A35	2, 14
ALABAMA	B2	8
ALABAMA	E13	25, 31.3, 34
ALABAMA	ACCESS SERVICES SUBJECT INDEX	12
ALABAMA	E2	8.2, 9.1, 10, 10.1, 11, 11.1
ALABAMA	E3	1, 2
ALABAMA	E8	16, 37, 38, 39, 40
FLORIDA	A2	19, 36
FLORIDA	A35	18, 23, 25
FLORIDA	GSST SUBJECT INDEX	18
FLORIDA	B2	14
FLORIDA	PRIVATE LINE SERVICE SUBJECT INDEX	12
FLORIDA	ACCESS SERVICES SUBJECT INDEX	12
FLORIDA	E2	16, 19, 20, 21, 23
FLORIDA	E3	2, 3
FLORIDA	E8	17, 31, 32, 33, 34
FLORIDA	E13	34, 44, 49
GEORGIA	GSST SUBJECT INDEX	13
GEORGIA	A1	7.1
GEORGIA	A2	12
GEORGIA	A3	35.3
GEORGIA	A4	6
GEORGIA	A35	3, 16, 20, 22
GEORGIA	B2	7.1, 15
GEORGIA	E2	8.0.1, 9, 10, 10.0.1, 10.2
GEORGIA	E3	3
GEORGIA	E8	32, 35
GEORGIA	E13	22, 27.3, 29
GEORGIA	R2	3, 4
KENTUCKY	GSST SUBJECT INDEX	13
KENTUCKY	A2	13.1
KENTUCKY	A35	2, 8, 11
KENTUCKY	A36	5
KENTUCKY	PRIVATE LINE SERVICES SUBJECT INDEX	12
KENTUCKY	B2	7.1
KENTUCKY	ACCESS SERVICES SUBJECT INDEX	12
KENTUCKY	E2	8.2, 9.1, 10, 11, 11.0.0.1, 11.0.1
KENTUCKY	E3	3, 4
KENTUCKY	E8	31, 32, 32.2
KENTUCKY	E13	27, 35, 41

**BELLSOUTH LATE PAYMENT TARIFF REFERENCES (Cont.)**

STATE	TARIFF REFERENCE	PAGE NUMBER
KENTUCKY	J2	2
KENTUCKY	J3	3, 4
LOUISIANA	A2	13, 35
LOUISIANA	A35	2, 12.1, 16
LOUISIANA	B2	8, 52
LOUISIANA	ACCESS SERVICES SUBJECT INDEX	12
LOUISIANA	E2	8.3, 9.1, 10, 11, 11.1, 15.1
LOUISIANA	E3	2.1
LOUISIANA	E8	31, 32, 33, 34
LOUISIANA	E13	26, 31.4, 34
MISSISSIPPI	GSST SUBJECT INDEX	13
MISSISSIPPI	A2	13
MISSISSIPPI	A4	4
MISSISSIPPI	A35	2, 9, 12
MISSISSIPPI	PRIVATE LINE SERVICES SUBJECT INDEX	12
MISSISSIPPI	B2	8
MISSISSIPPI	ACCESS SERVICES SUBJECT INDEX	12
MISSISSIPPI	E2	8.3, 9.1, 10, 11, 11.1
MISSISSIPPI	E3	3
MISSISSIPPI	E8	31, 32, 33, 34
MISSISSIPPI	E13	26, 31.3, 34
NORTH CAROLINA	GSST SUBJECT INDEX	13
NORTH CAROLINA	A2	15, 16
NORTH CAROLINA	A4	4
NORTH CAROLINA	B2	7
NORTH CAROLINA	E2	8.1, 9, 9.1, 10.0.1, 13
NORTH CAROLINA	E3	2
NORTH CAROLINA	E8	32, 33.1, 33.2
NORTH CAROLINA	E13	20.2, 28
NORTH CAROLINA	I2	8.2, 9.0.0.1, 10, 10.0.1, 10.0.2, 13
NORTH CAROLINA	I3	2, 3
NORTH CAROLINA	I8	35, 36, 39
NORTH CAROLINA	I17	2
SOUTH CAROLINA	A35	1.2, 1.14, 5
SOUTH CAROLINA	B2	7, 7.1
SOUTH CAROLINA	E2	8.2, 9, 10, 10.2
SOUTH CAROLINA	E3	1.1
SOUTH CAROLINA	E8	32, 33.2
SOUTH CAROLINA	E13	22, 27.3, 30

BellSouth Telecommunications, Inc.  
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 April 6, 2000  
 Item No. 17 - Exhibit  
 Page 3 of 3

**BELLSOUTH LATE PAYMENT TARIFF REFERENCES (Cont.)**

STATE	TARIFF REFERENCE	PAGE NUMBER
TENNESSEE	A35	2, 9, 13
TENNESSEE	B2	7, 7.1
TENNESSEE	ACCESS SERVICES SUBJECT INDEX	12
TENNESSEE	E2	9.0.2, 10.1, 11, 11.1, 12, 12.1
TENNESSEE	E3	2.1
TENNESSEE	E8	31, 32, 33, 34
TENNESSEE	E13	26, 31.3, 34

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 18  
Page 1

REQUEST: Identify the average number of days between the average date local service is provided (middle of the billing cycle) and the date on which the customer's bills are paid. (Please produce detailed workpapers which reference the information sought.)

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, BellSouth responds that it does not, in the ordinary course of its business, maintain documents that provide the information requested at the level of detail set forth in this Request.



BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 19  
Page 1

REQUEST: Identify the number of days between the average date local service is provided (middle of the billing cycle) and the date on which the late payment charge will apply. (Please provide detailed workpapers.)

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, BellSouth responds that the "middle of the billing cycle" is approximately 15.5 days. The late payment charge will apply beginning on the first day of the next billing cycle, which will be, on the average, approximately 15.5 days later.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 20  
Page 1

**REQUEST:** Identify the number of days between the average date that bills are mailed to the customer and the date that the late payment charge will apply. (Please provide detailed workpapers.)

**RESPONSE:** BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, BellSouth responds that each customer's bill is typically mailed by the fifth day following the beginning of that customer's billing cycle, and it becomes due the 24 day of the billing cycle. The late payment charge, however, is applied only to the extent that BellSouth has not received payment for that bill by the first day of the next billing cycle. For example, if a customer's bill cycle begins on January 1, that customer's bill typically is mailed by January 6 and it is due by January 24. The late payment charge, however, applies only to the extent that BellSouth has not received payment for that bill before February 1.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 22  
Page 1

REQUEST: Please produce any and all documents created, used, or considered by any BellSouth personnel or BellSouth consultants which suggest or recommend increasing payments for services associated with local basic exchange services, benefits, or thing currently provided to BellSouth consumers.

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 23  
Page 1

REQUEST: Please produce for inspection and copying any and all workpapers, studies, or suggestions for offsetting any and all revenue reductions made by BellSouth.

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome.

BellSouth Telecommunications, Inc.  
TN Docket 00-00041  
CAD's Request for Production  
March 22, 2000  
Item No. 24  
Page 1

REQUEST: Please produce for inspection and copying any and all calculations, workpapers (cite source documents) and provide explanations of the annual tracking, administering, collecting, and other costs incurred by BellSouth as the result of BellSouth's Tennessee Customers of paying their bills late.

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, please see cost analysis.

## **Tennessee Late Payment Charge**

### **LPC1.1 Total LPC Monthly Recurring Cost**

### **LPC1.1 LPC Nonrecurring Cost**

#### **Service Description**

##### **Late Payment Charge:**

This Total Service Long Run Incremental Cost (TSLRIC) analysis derives the costs resulting from the late payment of Tennessee residence and business subscribers' bills. The implementation of a Late Payment Charge (LPC) should encourage prompt payment, allowing BellSouth to avoid substantial bill collecting expenses caused by the late payers. Therefore, the costs associated with late payment will be placed on the late payers rather than the residence and business subscriber base.

#### **Cost Element Descriptions:**

##### **Total LPC Monthly Recurring Cost:**

This element relates to the total recurring expenses for BellSouth to collect for late payments each month. This ongoing cost is comprised of the bill collecting and billing account treatments by personnel and resources in the residence and business collection and service centers, BellSouth Billing, Incorporated (BBI), Information Technology and Consumer, Small and Large Business Customer Operations Units (COUs).

##### **LPC Nonrecurring Cost:**

This element includes the one-time costs of computer programming development to implement the Late Payment Charge process and the cost of notifying all customers initially of the implementation of the Late Payment Charge.

### **Models**

Microsoft Excel spreadsheets were used to perform these cost analyses. The BellSouth Cost Calculator© was used to derive the final costs with the appropriate factors and labor rates.

### **Study Technique**

#### **Late Payment Charge:**

The recurring costs are based on the labor hours in Consumer, Small Business Services, BellSouth Business Systems in BellSouth Telecommunications, Incorporated and the personnel in BellSouth Billing, Incorporated responsible for supporting the bill collections, billing account treatments and billing adjustments activities. The costs of processing the collections, treatment databases in Information Technology and the programming contractors that maintain the program software are included. Daily Sales Outstanding Interest Expenses on a monthly basis are Opportunity Costs that were also included.

The nonrecurring costs include the one-time costs of computer programming development in the collections/treatment and bill processing operational support systems. In addition, the initial cost of notifying all customers of the implementation of the Late Payment Charge via bill inserts enclosed in each customer bill is also included.

The TSLRIC study sums all the various labor hours for Consumer and Business Office personnel by functional category and pay bands. The appropriate labor rates are applied in order to determine the labor cost for both recurring and nonrecurring costs. All BellSouth Billing, Incorporated labor and bill insert expenses were derived as Fully Distributed Costs to satisfy the FCC Affiliate Transactions Rules and submitted to the Cost Calculator©. The programming contractor labor cost is calculated based on the contracted labor rates and passed to the Cost Calculator©.

### **Specific Study Assumptions**

- The forward-looking incremental costs that were derived were based on a three-year period of 1999-2001.
- Computer contract programming non-recurring development and ongoing labor costs are included.
- Costs associated with Wholesale collections, treatments and Carrier Access Billing System (CABS) computer processing for Interexchange Carriers and Competitive Local Exchange Companies are not included.
- Billing adjustments are made by the COUs and BBI.
- Network and Service Representative labor expense to disconnect and reconnect a line due to non-payment is recovered in the Service Connection Charges specified in the General Subscriber Service Tariff, Section A4; and therefore, is not included in this study.
- The miscellaneous or non-labor expenses associated with the Consumer, Small and Large Business Offices was extracted from the BellSouth Financial Ledger based on the first six months of 1999. Included in these expenses are commissions paid for collections to Payment Agencies, which perform Teller Operations, and the Outside Collections Agencies.
- Based on a BST survey, 38% of commissions paid to Payment Agencies are directly attributable to customers who are late payers.
- 11.6569% of all billing accounts with Late Payment Charges in the BellSouth region are attributed to the state of Tennessee.

**Specific Study Assumptions (continued)**



- 95% of the expenses associated with personnel from the Consumer Collections Centers, 100% of the Information Technology collections and treatment programming contractor expenses and 100% of the BBI Collections and Treatment support staff labor expenses would be avoided if residential customers had no late payers.
- 100% of the expenses associated with personnel from Small and Large Business Office Collections Centers, 100% of the Information Technology collections and treatment programming contractor expenses and 100% of the BBI Collections and Treatment support staff labor expenses would be avoided if business customers had no late payers.
- Late Payment Charges consist of one bill print line and is located in the Other Charges and Credits section of the bill.
- Initially customers are notified by either the FYI messages on the bill or bill inserts. This study assumes that the customer is initially notified via bill insert.
- Once the LPC starts billing, customers are reminded each month by a phrase appearing under Service Charge as a regular item number. This is accomplished with two bill print lines in Tennessee.
- BOCRIS and RNS computer transactions costs are included for support of all collection and treatment activities.
- Mainframe computing expenses for Central Processing Unit, Direct Access Storage Devices (DASD), Magnetic Tape and Printer were included for collections, treatment but excluded the bill processing computer job processes. Midrange and Desktop computing investment-related expenses and the EDS, Incorporated computer operations contract charges for collections, treatment and bill processing could not be identified and therefore are not included.

**Specific Study Assumptions (continued)**

- On a monthly basis, the Daily Sales Outstanding Interest Expenses were derived by multiplying the cost of money rate of 11.25% times the Unpaid Monthly Live, which is the unpaid monthly account balance carried forward. This is a cost to BellSouth of having to obtain external funding in lieu of monies owed by customers who have not paid their bills on time.

Tennessee Late Payment Charge Cost Study Summary	
TSLRIC STUDY SUMMARY	4/5/00 7:15 AM
<b>NONRECURRING:</b>	
<b>Total Non-recurring Cost:</b>	<b>\$68,328</b>
<b>RECURRING:</b>	
Consumer Collections Related Labor Expense	\$6,826,930.39
Small Business Services/BellSouth Business Systems Collections Related Expense	\$2,014,023.67
BellSouth Billing, Incorporated Labor Expense	\$60,425.65
Payment Agents Commissions Expense (38% attributed to LPC)	\$733,130.49
Outside Collections Agent Commissions Expense	\$3,595,010.79
Miscellaneous Collections Related Expense and Rents	\$794,224.70
Information Technology Contract Programming Expense	\$152,518.65
Information Technology Computer Resource Expense	\$113,348.19
Bill Production Expenses	\$753,901.45
Bill Notices' Production Expenses	\$1,288,159.42
Daily Sales Outstanding Interest Expenses:	
Consumer	\$5,017,843.67
SBS/BBS	\$4,345,551.87
<b>Total Yearly Recurring Cost without GRT</b>	<b>\$25,695,069</b>
<b>Gross Receipt Tax</b>	<b>1.003121</b>
<b>Total Yearly Recurring Cost with GRT</b>	<b>\$25,775,263</b>

LATE PAYMENT CHARGE #1 - INPUT SHEET TENNESSEE						Total Cost State	LPC1.1 TN		
LN	DESCRIPTION	FRC/JFC	WS/JG	Source	Incremental Amount	Amounts			
						1999	2000	2001	
	Finance Cost Matters (FCM)			Information Technology (IT)					
	Product Commercialization Unit (PCU)			Finance (FIN)					
	Consumer (CON)			Small Business (SBS)					
	Consumer/Small Business (COU)			BellSouth Billing, Inc.(BBI)					
1	Tennessee 2E40 Annual Ledger Non-labor(NL) Expense Less OCA	2E4X		Ledger		\$1,539,233.52			
2	Repression Rate - Consumer/Residence			CON	0%				
3	Repression Rate - Small/Complex Business			SBS	0%				
4									
5	Regional Coordination of LPC in BBI Headcount	1260	58	BBI	3.25%				
6	Regional BBI Billing Control Percentage of Headcount for LPC	1260	18	BBI	5%				
7	Regional BBI Billing Control Headcount			BBI	18				
8	Regional BBI Adjustments Group Percentage of Headcount for LPC	1260	16	BBI	2%				
9	Regional BBI Adjustments Group Headcount			BBI	13				
10									
11	BBI Warning Message Bill Lines on Every Bill			BBI	2				
12	BBI Bill Lines Per LPC Account			BBI	1				
13	Generic MegaCenter FDC Cost Per Print Line (98-02)			FCM	\$0.013629				
14									
15	Regional 1998 Residence Annual Accounts With LPC exc. TN			PCU	40,110,312				
16	Regional 1998 Business Annual Accounts With LPC exc. TN			PCU	5,879,017				
17	Tennessee Estimated Residence Monthly Accounts With LPC			CON	465,695				
18	Tennessee Estimated Business Monthly Accounts With LPC			SBS	58,422				
19	Study Months			FCM	36				
20	Tennessee Notification Inserts Per Bill			BBI	1				
21	Tennessee 1999 Jan-Aug Std Bills Mailed			BBI	15,078,659				
22	Tennessee 1999 Jan-Aug Sm Bus Bills Mailed			BBI	1,263,532				
23	1998 - 2000 Forced Cost Per Bill Insert - BBI			FCM	\$0.023414				
24	IT - Contracted Productive Yearly Hours Per FTP			IT	1,650				
25	Regional Non-recurring IT-Contracted Labor Hours For LPC			CON	723				
26	IT-Contracted Hourly Labor Rates			FCM		\$102.58	\$101.87	\$107.04	
27	Regional Recurring IT-Contracted FTP for Collection & Treatment			IT	7.4				
28	Tennessee Consumer Headcount For JFC 2E40	2E4X	18	Payroll Mini	65				
29	Tennessee Consumer Headcount For JFC 2E40 - Service Center	2E4X	23	CON	67.5				
30	Avg. Annual Production Labor Hrs. Per Headcount - Non-MGT			FCM	1,865				
31	Avg. Annual Production Labor Hrs. Per Headcount - MGT			FCM	1,928				
32	Consumer Regional Staff Support Headcount Percentage	2E4X	JG58	CON	1%				
33	Consumer Regional Staff Support Headcount For Collections			CON	2				
34	Consumer Percentage of Collection Center Associated With Non-Pay			CON	95%				
35	Non-recurring Regional Consumer Labor Hours For Rate Change	2E5X	JG58	CON	8				
36	Non-recurring Regional Consumer M&P Development Labor Hours	2E4X	JG58	CON	8				
37	Non-recurring Regional Small/Complex Bus M&P Development Labor Hrs	2E5X	JG58	SBS	2				
38	Small/Complex Business Regional Support Headcount Percentage	2E4X	JG58	SBS	20%				
39	Tennessee Small/Complex Business Headcount	2E4X	WS18	SBS	23				
40	Regional Small/Complex Business Headcount Service Center	2E5X	WS23	SBS	460				
41	Percentage of Service Center - Collections Activity			SBS	25%				
42									
43	1998 Monthly Daily Sales Outstanding Interest Expense - Repressed			COU	\$733,579				
44	Tennessee Annual Outside Collections Agency (OCA) Exp			Ledger		\$3,622,969.40			
45	OCA Repression Rate - Consumer/Residence			CON	0%				
46	OCA Repression Rate - Small/Complex Business			SBS	0.00%				
47	Tennessee Small/Complex Business Annual Notices - Computer			SBS	110,000				
48	Additional Percentage to Estimate Rep Generated Notices			SBS/CON	33%				
49	Tennessee Consumer Annual Notices - Computer			CON	1,456,098				
50									
51	BBI Labor Rate Excluding PBT (BBI, JG58)		58	FCM		\$41.93	\$43.27	\$44.70	
52	BBI Labor Rate Excluding PBT (BBI, WS18)		18	FCM		\$29.93	\$30.89	\$31.91	
53	BBI Labor Rate Excluding PBT (BBI, WS16)		16	FCM		\$29.55	\$30.50	\$31.51	
54	Inflation Rate - 1998			FCM	1.028				
55	Inflation Rates			FCM		1.030	1.032	1.033	
56	Cost Based Billing System PRBT Rate			FIN	0.20273				
57	Cost Based Billing System Corp Overhead Rate			FIN	0.094556				
58	Cost Based Billing System Supporting Investment Related Rate			FIN	0.124033				
59	Cost Based Billing System Float			FIN	0.013901				
60	Tennessee Average Annual Computer Cost - Repressed			FCM	\$113,348.19				
61	Standard Bill Form Cost Per Physical Page			BBI	\$0.003605	\$0.003605	\$0.003720	\$0.003843	
62	Standard Bill Carrier Envelope Cost Per Envelope			BBI	\$0.010900	\$0.010900	\$0.011249	\$0.011620	
63	USPS Per Notice			USPS	\$0.33	\$0.33	\$0.33	\$0.33	
64	Small Business Bill Form Cost Per Physical Page			BBI	\$0.006910	\$0.006910	\$0.007131	\$0.007366	
65	Small Business Carrier Envelope Cost Per Envelope			BBI	\$0.012820	\$0.012820	\$0.013230	\$0.013667	
66	Regular Bill Insert FDC per Bill Page (98 - 02)			FCM	\$0.003911				
67	Bill Simplex Printer FDC per Small Bus Bill Page (98 - 02)			FCM	\$0.018258				
68	Duplex Printer FDC per Bill Page (98 - 02)			FCM	\$0.002651				

BellSouth Telecommunications, Inc.

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CAD's Request for Production

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PRIVATE/PROPRIETARY  
No disclosure outside BellSouth except by written agreement.

4/5/00, 8:41 AM

## Investments

### Instructions:

1. Use this worksheet to record material and/or investments to be input into the TSLRIC calculations.
2. All amounts shown are per unit (e.g., per call, per loop, per MOU).
3. Input data, by Cost Element, leaving no blank lines. On next row after last line of data, type END in Cost Element Column.
4. All data on this form should be cell-referenced to study workpapers.
5. Do NOT change columns, headings, sheet name.

<u>State</u>	<u>Cost</u>	<u>Sub</u>	<u>Volume</u>	<u>Volume</u>
<u>Element #</u>	<u>FRC</u>	<u>FRC</u>	<u>Sensitive</u>	<u>Insensitive</u>
			<u>\$ Amount</u>	<u>\$ Amount</u>

END

# Additives\_Recurring

## TSLRIC INPUT FORM - RECURRING EXPENSES DATA

### Instructions:

1. Use this worksheet to record recurring non-labor expenses to be input into the TSLRIC calculations.
2. All amounts shown are per unit (e.g., per call, per loop, per MOU).
3. Input data, by Cost Element, leaving no blank lines. On next row after last line of data, type END in Cost Element Column.
4. All data on this form should be cell-referenced to study workpapers.
5. Do NOT change columns, headings, sheet name.

State	Cost Element #	Recurring Expense Description (Limited to 25 characters)	Recurring Volume Sensitive \$ Amount	Recurring Volume Insensitive \$ Amount
TN	LPC1.1	2E40 NL Monthly Expense CON		330,228.33
TN	LPC1.1	2E40 NL Monthly Expense SBS		96,635.50
TN	LPC1.1	BBI FDC Labor	5,035.47	
TN	LPC1.1	Daily Sales Outstand Interest Exp	780,282.96	
TN	LPC1.1	IT - Mo. Contract Exp		12,709.89
TN	LPC1.1	Bill Line Impact Cost	62,825.12	
TN	LPC1.1	Notice Cost	107,346.62	
TN	LPC1.1	Computer Cost	9,445.68	
	END			

Maximum 10 entries per Cost Element #

# **TSLRIC INPUT FORM - NONRECURRING EXPENSES DATA**

## **Instructions:**

1. Use this worksheet to record nonrecurring non-labor expenses to be input into the TSLRIC calculations.
2. All amounts shown are per unit (e.g., per call, per loop, per MOU).
3. Input data, by Cost Element, leaving no blank lines. On next row after last line of data, type END in Cost Element Column.
4. All data on this form should be cell-referenced to study workpapers.
5. Do NOT change columns, headings, sheet name.
6. Use column D when cost element has a single nonrecurring cost; use columns E & F for elements with a first and additional nonrecurring cost; use columns G & H for elements with an initial and subsequent nonrecurring cost.

<u>State</u>	<u>Cost Element #</u>	<u>Expense Description</u> (Limited to 25 characters)	<u>Nonrecurring</u>				<u>Nonrecurring Nonrecurring Nonrecurring</u>			
			<u>Nonrecurring</u>	<u>First</u>	<u>Additional</u>	<u>Initial</u>	<u>Subsequent</u>	<u>\$ Amount</u>	<u>\$ Amount</u>	<u>\$ Amount</u>
TN	LPC1.1	BBI Insert FDC	59094.72							
TN	LPC1.1	IT Labor	8922.48							
	END									

Maximum 10 entries per Cost Element #

# Recurring Labor

## TSLRIC INPUT FORM - RECURRING LABOR EXPENSES DATA

### Instructions:

1. Use this worksheet to record recurring expensed labor times to be input into the TSLRIC calculations.
2. All amounts shown are per unit (e.g., per call, per loop, per MOU).
3. Input data, by Cost Element, leaving no blank lines. On next row after last line of data, type END in Cost Element Column.
4. All data on this form should be cell-referenced to study workpapers.
5. Do NOT change columns, headings, sheet name.

<u>State</u>	<u>Cost Element #</u>	<u>Labor Expense Description</u> (Limited to 25 characters)	<u>JFC/ Payband</u>	<u>Work Time (Hours)</u>	
				<u>Volume Sensitive</u>	<u>Volume Insensitive</u>
TN	LPC1.1	CON Lbr Hrs	2E4X	19,563.07	0.37
TN	LPC1.1	CON Supt Monthly Lbr Hrs	JG58		3.87
TN	LPC1.1	SBS Supt Monthly Lbr Hrs	JG58		
TN	LPC1.1	SBS Collection Lbr Hrs	2E4X	3,574.58	
TN	LPC1.1	SBS Service Lbr Hrs	2E5X	2,150.21	
	END				



## TSLRIC INPUT FORM - NONRECURRING LABOR TIMES

## Instructions:

1. Use this worksheet to record nonrecurring labor times to be input into the TSLRIC calculations.
2. All amounts shown are per unit (e.g., per call, per loop, per MOU).
3. Input data, by Cost Element, leaving no blank lines. On next row after last line of data, type END in Cost Element Column.
4. All data on this form should be cell-referenced to study workpapers.
5. Do NOT change columns.
6. Use columns F & G when cost element has a single nonrecurring cost; use columns H, I, J, & K for elements with a first and additional nonrecurring cost; use columns L, M, N & O for elements with an initial and subsequent nonrecurring cost.
7. Study midpoint date is set at 6/00
8. Input Cost Element Life (in months) on first row of data for each cost element. It is not necessary to repeat on each line.

Study Mid-Point Date (Mos.)

Jun-00

State	Cost Element #	Cost Element Life (Mo)	Labor Expense Description (Limited to 25 characters)	(For use w/ one NR)		First Disconnection Time (Hours)	First Installation Time (Hours)	Additional Disconnection Time (Hours)	Additional Installation Time (Hours)	Initial Disconnection Time (Hours)	Initial Installation Time (Hours)	Subsequent Disconnection Time (Hours)	Subsequent Installation Time (Hours)
				JFC/ Payband	Time (Hours)								
TN	LPC1.1	0	Con Rate Chg Lbr Hrs	JG58	0.96								
TN	LPC1.1	0	Con M&P Lbr Hrs	JG58	0.96								
TN	LPC1.1	0	SBS M&P Lbr Hrs	JG58	0.24								
	END												

**LATE PAYMENT CHARGE  
DEMAND CALCULATIONS**

**TENNESSEE  
WORKPAPER 1  
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LN	DESCRIPTION	SOURCE	1999	2000	2001
1	Tennessee Estimated Residence Monthly Accounts With LPC	Input Sheet, Ca, L17	465,695		
2	January - September TN Residence Accounts With LPC	L1 x 9 months	4,191,255		
3	October - December TN Residence Accounts With LPC	L1 x 3 months	1,397,085		
4	Repression Rate - Consumer/Residence	Input Sheet, Ca, L2	0%		
5	October - December TN Residence Accounts With LPC - Repressed	L3 x (1 - L4)	1,397,085		
6	TN Annual Residence Accounts With LPC	L2 + L5	5,588,340		
7	TN Annual Residence Accounts With LPC	L1 x 12 months		5,588,340	5,588,340
8	TN Annual Residence Accounts With LPC - Repressed	L7 x (1 - L4)		5,588,340	5,588,340
9	TN Annual Residence Accounts With LPC	L6 and L8	5,588,340	5,588,340	5,588,340
10					
11	Tennessee Estimated Business Monthly Accounts With LPC	Input Sheet, Ca, L18	58,422		
12	January - September Business Accounts With LPC	L11 x 9 months	525,798		
13	October - December TN Business Accounts With LPC	L11 x 3 months	175,266		
14	Repression Rate - Small/Complex Business	Input Sheet, Ca, L3	0%		
15	October - December TN Business Accounts With LPC - Repressed	L13 x (1 - L14)	175,266		
16	TN Annual Business Accounts With LPC	L12 + L15	701,064		
17	TN Annual Business Accounts With LPC	L11 x 12 months		701,064	701,064
18	TN Annual Business Accounts With LPC - Repressed	L17 x (1 - L14)		701,064	701,064
19	TN Annual Business Accounts With LPC	L16 and L18	701,064	701,064	701,064
20					
21	Regional 1998 Residence Annual Accounts With LPC exc. TN	Input Sheet, Ca, L15	40,110,312		
22	Average Regional Monthly Residence Accounts With LPC exc TN	L21 / 12 months	3,342,526		
23	Regional Residence Monthly Account With LPC	L22 + L1	3,808,221		
24					
25	Regional 1998 Business Annual Accounts With LPC exc. TN	Input Sheet, Ca, L16	5,879,017		
26	Average Regional Monthly Business Accounts With LPC exc TN	L25 / 12 months	489,918		
27	Regional Business Monthly Accounts With LPC	L26 + L11	548,340		
28					
29	Total Tennessee Monthly Accounts With LPC	L1 + L11	524,117		
30	Total Regional Monthly Accounts With LPC	L23 + L27	4,356,561		
31	Tennessee Percentage of Accounts With LPC	L29 / L30	12.0305%		
32					
33	Tennessee 1999 Jan-Aug Std Bills Mailed	Input Sheet, Ca, L21	15,078,659		
34	Tennessee Average Monthly Standard Bills Mailed	L33 / 8 months	1,884,832		
35	Study Months	Input Sheet, Ca, L19	36		
36	Tennessee Total Study Standard Bills Mailed	L34 x L35	67,853,966		
37					
38	Tennessee 1999 Jan-Aug Sm Bus Bills Mailed	Input Sheet, Ca, L22	1,263,532		
39	Tennessee Average Monthly Small Business Bills Mailed	L38 / 8 months	157,942		
40	Tennessee Total Study Small Business Bills Mailed	L39 x L35	5,685,894		
41					
42	Tennessee Total Study Bills Mailed	L36 + L40	73,539,860		
43					
44	Tennessee Small/Complex Business Annual Notices - Computer	Input Sheet, Ca, L47	110,000		
45	Additional Percentage to Estimate Rep Generated Notices	Input Sheet, Ca, L48	33%		
46	Tennessee Small/Complex Business Annual Notices - Rep Generated	L44 x (1 + L45)	146,300		
47	Tennessee Annual Small/Complex Business Notices	L44 + L46	256,300		
48	Avg Monthly Notices	L47 / 12 months	21,358		
49	January - September Notices	L48 x 9 months	192,225		
50	October - December Notices	L48 x 3 months	64,075		
51	October - December Notices - Repressed	L50 x (1 - L14)	64,075		

**LATE PAYMENT CHARGE  
DEMAND CALCULATIONS**

**TENNESSEE  
WORKPAPER 1  
PAGE 2 OF 2**

LN	DESCRIPTION	SOURCE	1999	2000	2001
52	Tennessee Small/Complex Business Annual Notices - Repressed	L49 + L51	256,300		
53	Tennessee Small/Complex Business Annual Notices - Repressed	L47 x (1 - L14)		256,300	256,300
54	Tennessee Small/Complex Business Annual Notices - Repressed	L52 and L53	256,300	256,300	256,300
55					
56	Tennessee Consumer Annual Notices - Computer	Input Sheet, Ca, L49	1,456,098		
57	Tennessee Consumer Annual Notices - Rep Generated	L56 x (1 + L45)	1,936,610		
58	Tennessee Annual Consumer Notices	L56 + L57	3,392,708		
59	Avg Monthly Notices	L58 / 12 months	282,726		
60	January - September Notices	L59 x 9 months	2,544,531		
61	October - December Notices	L59 x 3 months	848,177		
62	October - December Notices - Repressed	L61 x (1 - L4)	848,177		
63	Tennessee Consumer Annual Notices - Repressed	L60 + L62	3,392,708		
64	Tennessee Consumer Annual Notices - Repressed	L58 x (1 - L4)		3,392,708	3,392,708
65	Tennessee Consumer Annual Notices - Repressed	L63 and L64	3,392,708	3,392,708	3,392,708
66					
67	Tennessee Estimated Residence Monthly Accounts With LPC	L1	465,695		
68	Tennessee Estimated Business Monthly Accounts With LPC	L11	58,422		
69	Total Tennessee Estimated Monthly Accounts With LPC	L67 + L68	524,117		
70	Residence Percentage	L67 / L69	88.8533%		
71	Business Percentage	L68 / L69	11.1467%		
72	Repression Rate - Consumer/Residence	Input Sheet, Ca, L2	0%		
73	Repression Rate - Small/Complex Business	Input Sheet, Ca, L3	0%		
74	Weighted Repression Rate Based on LPC Accounts	(L70 x L72) + (L71 x L73)	0.0000%		

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**LATE PAYMENT CHARGE**  
**NON-RECURRING INPUT WORKSHEET FOR COST CALCULATOR**

**TENNESSEE**  
**WORKPAPER 2**  
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LN	DESCRIPTION	LC	SOURCE	1999
1	<b>LABOR</b>			
2	Non-recurring Regional Consumer Labor Hours For Rate Change		Input Sheet, Ca, L35	8
3	Tennessee Percentage of Accounts With LPC		Demand Sheet, L31	12.0305%
4	Tennessee Non-Recurring Consumer Labor Hours For Rate Change	JG58	L2 x L3	0.96
5				
6	Non-recurring Regional Consumer M&P Development Labor Hours		Input Sheet, Ca, L36	8
7	Tennessee Non-Recurring Consumer Labor Hours For M&P	JG58	L6 x L3	0.96
8				
9	Non-recurring Regional Small/Complex Bus M&P Development Labor Hrs		Input Sheet, Ca, L37	2
10	Tennessee Non-Recurring Small/Complex Bus Labor Hrs For M&P	JG58	L9 x L3	0.24
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21	<b>TELRIC INPUT SUMMARY</b>			
22	<b>LABOR</b>			
23	Con Rate Chg Lbr Hrs	JG58	L4	0.96
24	Con M&P Lbr Hrs	JG58	L7	0.96
25	SBS M&P Lbr Hrs	JG58	L10	0.24
26				
27				
28				
29				
30				
31				
32				

**LATE PAYMENT CHARGE**  
**NON-RECURRING INPUT WORKSHEET FOR COST CALCULATOR**

TENNESSEE  
 WORKPAPER 2  
 PAGE 2 OF 2

LN	DESCRIPTION	JFC	SOURCE	1999
1	<b>ADDITIVES</b>			
2	Tennessee Notification Inserts Per Bill		Input Sheet, Ca, L20	1
3	Tennessee 1999 Jan-Aug Std Bills Mailed		Input Sheet, Ca, L21	15,078,659
4	Tennessee 1999 Jan-Aug Sm Bus Bills Mailed		Input Sheet, Ca, L22	1,263,532
5	Total Tennessee 1999 Jan-Aug Bills Mailed		L3 + L4	16,342,191
6	Average Monthly TN Bills Mailed		L5 / 8 months	2,042,774
7				
8				
9				
10				
11	1998 - 2000 Forced Cost Per Bill Insert - BBI		Input Sheet, Ca, L23	\$0.023414
12	BBI Insert Cost		L6 x L11	\$47,829.51
13	Cost Based Billing System Corp Overhead Rate		Input Sheet, Ca, L57	0.094556
14	BBI Corp Overhead Cost		L12 x L13	\$4,522.57
15	Cost Based Billing System Supporting Investment Related Rate		Input Sheet, Ca, L58	0.124033
16	BBI IRC Cost		L12 x L15	\$5,932.44
17	Sub-Total BBI Cost		L12 + L14 + L16	\$58,284.51
18	Cost Based Billing System Float		Input Sheet, Ca, L59	0.013901
19	BBI Bill Insert FDC Cost		L17 x (1 + L18)	\$59,094.72
20				
21	Regional Non-recurring IT-Contracted Labor Hours For LPC		Input Sheet, Ca, L25	723
22	IT-Contracted Hourly Labor Rates		Input Sheet, Cb, L26	\$102.58
23	IT Regional Labor Cost		L21 x L22	\$74,165.34
24	Tennessee Percentage of Accounts With LPC		Demand, L31	12.0305%
25	Tennessee IT Labor Cost		L23 x L24	\$8,922.48
26				
27				
28				
29				
30	<b>TELRIC INPUT SUMMARY</b>			
31	BBI Insert FDC		L19	\$59,094.72
32	IT Labor		L25	\$8,922.48

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**LATE PAYMENT CHARGE**  
**RECURRING INPUT WORKSHEET FOR COST CALCULATOR**

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LN	DESCRIPTION	LC	SOURCE	1999	2000	2001
1	<b>VOLUME INSENSITIVE</b>					
2	<b>LABOR</b>					
3	Consumer Regional Staff Support Headcount Percentage		Input Sheet, Ca, L32	1%	1%	1%
4	Consumer Regional Staff Support Headcount For Collections		Input Sheet, Ca, L33	2	2	2
5	Avg. Annual Production Labor Hrs. Per Headcount - MGT		Input Sheet, Ca, L31	1,928	1,928	1,928
6	Consumer Regional Annual Staff Support Labor Hours		L3 x L4 x L5	38.56	38.56	38.56
7	Consumer Percentage of Collection Center Associated With Non-Pay		Input Sheet, Ca, L34	95%	95%	95%
8	Consumer Regional Annual Staff Support Labor Hours Non-Pay		L6 x L7	36.63	36.63	36.63
9	Tennessee Percentage of Accounts With LPC		Demand Sheet, L31	12.0305%	12.0305%	12.0305%
10	Tennessee Consumer Annual Staff Support Labor Hours Non-Pay		L8 x L9	4.41	4.41	4.41
11	Average Annual Tennessee Consumer Staff Support Labor Hour Non-Pay	JG58	Sum L10 / 3 years	4.41		
12						
13	Small/Complex Business Regional Support Headcount Percentage		Input Sheet, Ca, L38	20%	20%	20%
14	Small/Complex Business Regional Annual Staff Support Labor Hours		L13 x L5	385.6	385.6	385.6
15	Tennessee Small/Complex Business Annual Staff Support Labor Hours		L14 x L9	46.39	46.39	46.39
16	Average Annual Tennessee Small/Complex Bus Staff Support Labor Hour	JG58	Sum L15 / 3 years	46.39		
17						
18						
19	<b>ADDITIVES</b>					
20	Regional Recurring IT - Contracted FTP for Collection & Treatment		Input Sheet, Ca, L27	7.4	7.4	7.4
21	IT - Contracted Yearly Productive Hours		Input Sheet, Ca, L24	1,650	1,650	1,650
22	IT - Contract Rates		Input Sheet, Cb-d, L26	\$102.58	\$101.87	\$107.04
23	Tennessee Recurring IT - Yearly Contract Expenses		L20 x L21 x L22 x L9	\$150,682.49	\$149,639.56	\$157,233.91
24						
25						
26						
27	Tennessee 2E40 Annual Ledger Non-labor(NL) Expense Less OCA		Input Sheet, Cb, L1	\$1,539,233.52		
28	Tennessee Consumer Headcount - WS18		Input Sheet, Ca, L28	65		
29	Tennessee Consumer Headcount - WS23		Input Sheet, Ca, L29	68		
30	Total Tennessee Consumer Headcount		L28 + L29	133		
31	Tennessee Small/Complex Business Headcount - WS18		Input Sheet, Ca, L39	23		
32	Regional Small/Complex Business Headcount Service Center		Input Sheet, Ca, L40	460		
33	Percentage of Service Center - Collections Activity		Input Sheet, Ca, L41	25%		
34	Tennessee Percentage of Accounts With LPC		Demand Sheet, L31	12.0305%		
35	Tennessee Small/Complex Business Service Center Collections Headcount		L32 x L33 x L34	14		
36	Total Tennessee Small/Complex Business Headcount		L31 + L35	37		
37	Total Tennessee Headcount		L30 + L36	169		
38	Tennessee Consumer Percentage		L30 / L37	78.247%		
39	Tennessee Small/Complex Business Percentage		L36 / L37	21.753%		
40	Tennessee 2E40 Ledger Non-labor Expense - Consumer		L27 x L38	\$1,204,407.37		
41	Consumer Percentage of Collection Center Associated With Non-Pay		Input Sheet, Ca, L34	95%		
42	Tennessee 2E40 Ledger Non-labor Expense - Consumer Non-Pay		L40 x L41	\$1,144,187.00		
43	Average Monthly Tennessee 2E40 Ledger Non-labor Expense - Consumer NP		L42 / 12 months	\$95,348.92		
44	January - September Tennessee 2E40 Ledger Non-labor Expense - Consumer NP		L43 x 9 months	\$858,140.25		
45	October - December Tennessee 2E40 Ledger Non-labor Expense - Consumer NP		L43 x 3 months	\$286,046.75		
46	Repression Rate - Consumer/Residence		Input Sheet, Ca, L2	0%		
47	October - December Tennessee 2E40 Ledger Non-labor Expense - Consumer Repressed		L45 x (1 - L46)	\$286,046.75		
48	Total 1999 Tennessee 2E40 Ledger Non-labor Expense Less OCA - Consumer Repressed		L44 + L47	\$1,144,187.00		
49	Average Monthly Tennessee 2E40 Ledger Non-labor Expense - Consumer Inflated 2000		L43 x Input Sheet, Cc, L55		\$98,400.08	
50	Tennessee Annual 2E40 Ledger Non-labor Expense - Consumer NP		L49 x 12 months		\$1,180,800.98	
51	Tennessee Annual 2E40 Ledger Non-labor Expense - Consumer NP Repressed		L50 x (1 - L46)		\$1,180,800.98	
52	Average Monthly Tennessee 2E40 Ledger Non-labor Expense Less OCA- Consumer Inflated 2001		L49 x Input Sheet, Cd, L55			\$101,647.28
53	Tennessee Annual 2E40 Ledger Non-labor Expense - Consumer NP		L52 x 12 months			\$1,219,767.42
54	Tennessee Annual 2E40 Ledger Non-labor Expense Less OCA- Consumer NP Repressed		L53 x (1 - L46)			\$1,219,767.42
55						
56	Tennessee 2E40 Ledger Non-labor Expense Less OCA- Small/Complex Bus Non-Pay		L27 x L39	\$334,826.15		
57	Average Monthly Tennessee 2E40 Ledger Non-labor Expense - Small/Complex Bus NP		L56 / 12 months	\$27,902.18		
58	January - September Tennessee 2E40 Ledger Non-labor Expense - Small/Complex Bus NP		L57 x 9 months	\$251,119.61		
59	October - December Tennessee 2E40 Ledger Non-labor Expense - Small/Complex Bus NP		L57 x 3 months	\$83,706.54		
60	Repression Rate - Small/Complex Business		Input Sheet, Ca, L3	0%		
61	October - December Tennessee 2E40 Ledger Non-labor Expense - Small/Complex Bus Repressed		L59 x (1 - L60)	\$83,706.54		
62	Total 1999 Tennessee 2E40 Ledger Non-labor Expense Less OCA- Small/Complex Bus Repressed		L58 + L61	\$334,826.15		
63	Average Monthly Tennessee 2E40 Ledger Non-labor Expense - Small/Complex Bus Inflated 2000		L57 x Input Sheet, Cc, L55		\$28,795.05	
64	Tennessee Annual 2E40 Ledger Non-labor Expense - Small/Complex Business NP		L63 x 12 months		\$345,540.59	
65	Tennessee Annual 2E40 Ledger Non-labor Expense Less OCA- Small/Complex Bus NP Repressed		L64 x (1 - L60)		\$345,540.59	
66	Average Monthly Tennessee 2E40 Ledger Non-labor Expense - Small/Complex Bus Inflated 2001		L63 x Input Sheet, Cd, L55			\$29,745.29
67	Tennessee Annual 2E40 Ledger Non-labor Expense - Small/Complex Bus NP		L66 x 12 months			\$356,943.43
68	Tennessee Annual 2E40 Ledger Non-labor Expense Less OCA- Small/Complex Bus NP Repressed		L67 x (1 - L60)			\$356,943.43
69						
70						
71						
72						
73						
74						
75						
76						

**LATE PAYMENT CHARGE  
RECURRING INPUT WORKSHEET FOR COST CALCULATOR**

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LN	DESCRIPTION	LC	SOURCE	1999	2000	2001
77	Tennessee OCA Ledger Non-labor Expense		Input Sheet, Cb, L44	\$3,622,969.40		
78	Tennessee OCA Ledger Non-labor Expense - Consumer		L38 x L77	\$2,834,872.67		
79	Consumer Percentage of Collection Center Associated With Non-Pay		Input Sheet, Ca, L34	95%		
80	Tennessee OCA Non-labor Expense - Consumer Non-Pay		L78 x L79	\$2,693,129.04		
81	Average Monthly Tennessee OCA Ledger Non-labor Expense - Consumer NP		L80 / 12 months	\$224,427.42		
82	January - September Tennessee OCA Ledger Non-labor Expense - Consumer NP		L81 x 9 months	\$2,019,846.78		
83	October - December Tennessee OCA Ledger Non-labor Expense - Consumer NP		L81 x 3 months	\$673,282.26		
84	OCA Repression Rate - Consumer/Residence		Input Sheet, Ca, L45	0%		
85	October - December Tennessee OCA Ledger Non-labor Expense - Consumer Repressed		L83 x (1 - L84)	\$673,282.26		
86	Total 1999 Tennessee OCA Ledger Non-labor Expense - Consumer Repressed		L82 + L85	\$2,693,129.04		
87	Average Monthly Tennessee OCA Ledger Non-labor Expense - Consumer Inflated 2000		L81 x Input Sheet, Cc, L55		\$231,609.10	
88	Tennessee Annual OCA Ledger Non-labor Expense - Consumer NP		L87 x 12 months		\$2,779,309.17	
89	Tennessee Annual OCA Ledger Non-labor Expense - Consumer NP Repressed		L88 x (1 - L84)		\$2,779,309.17	
90	Average Monthly Tennessee OCA Ledger Non-labor Expense - Consumer Inflated 2001		L87 x Input Sheet, Cd, L55			\$239,252.20
91	Tennessee Annual OCA Ledger Non-labor Expense - Consumer NP		L90 x 12 months			\$2,871,026.37
92	Tennessee Annual OCA Ledger Non-labor Expense - Consumer NP Repressed		L91 x (1 - L84)			\$2,871,026.37
93						
94	Tennessee OCA Ledger Non-labor Expense - Small/Complex Bus Non-Pay		L39 x L77	\$788,096.73		
95	Average Monthly Tennessee OCA Ledger Non-labor Expense - Small/Complex Bus NP		L94 / 12 months	\$65,674.73		
96	January - September Tennessee OCA Ledger Non-labor Expense - Small/Complex Bus NP		L95 x 9 months	\$591,072.55		
97	October - December Tennessee OCA Ledger Non-labor Expense - Small/Complex Bus NP		L95 x 3 months	\$197,024.18		
98	OCA Repression Rate - Small/Complex Business		Input Sheet, Ca, L46	0.00%		
99	October - December Tennessee OCA Ledger Non-labor Expense - Small/Complex Bus Repressed		L97 x (1 - L98)	\$197,024.18		
100	Total 1999 Tennessee OCA Ledger Non-labor Expense - Small/Complex Bus Repressed		L96 + L99	\$788,096.73		
101	Average Monthly Tennessee OCA Ledger Non-labor Expense - Small/Complex Bus Inflated 2000		L95 x Input Sheet, Cc, L55		\$67,776.32	
102	Tennessee Annual OCA Ledger Non-labor Expense - Small/Complex Business NP		L101 x 12 months		\$813,315.82	
103	Tennessee Annual OCA Ledger Non-labor Expense - Small/Complex Business NP Repressed		L102 x (1 - L98)		\$813,315.82	
104	Average Monthly Tennessee OCA Ledger Non-labor Expense - Small/Complex Bus Inflated 2001		L101 x Input Sheet, Cd, L55			\$70,012.94
105	Tennessee Annual OCA Ledger Non-labor Expense - Small/Complex Bus NP		L104 x 12 months			\$840,155.24
106	Tennessee Annual OCA Ledger Non-labor Expense - Small/Complex Bus NP Repressed		L105 x (1 - L98)			\$840,155.24
107						
108						
109						
110						
111						
112	<b>TELRIC INPUT SUMMARY</b>					
113	<b>LABOR</b>					
114	CON Supt Monthly Lbr Hrs	JG58	L11 / 12 mths	0.37		
115	SBS Supt Monthly Lbr Hrs	JG58	L16 / 12 mths	3.87		
116						
117	<b>ADDITIVES</b>					
118	2E40 NL Expense CON - Annual		L48+L86, L51+L89, L54+L92	\$3,837,316.04	\$3,960,110.15	\$4,090,793.79
119	2E40 NL Monthly Expense CON		(Sum L118 / 3 years) / 12 mths	\$330,228.33		
120						
121	2E40 NL Expense Small/Complex - Annual		L62+L100, L65+L103, L68+L106	\$1,122,922.88	\$1,158,856.41	\$1,197,098.67
122	2E40 NL Monthly Expense SBS		(Sum L121 / 3 years) / 12 mths	\$96,635.50		
123						
124	IT - Recurring Contract Expenses (Yearly)		L23	\$150,682.49	\$149,639.56	\$157,233.91
125	IT - Mo. Contract Exp		(Sum L124 / 3 years) / 12 mths	\$12,709.89		

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**LATE PAYMENT CHARGE  
RECURRING INPUT WORKSHEET FOR COST CALCULATOR**

**TENNESSEE  
WORKPAPER 4  
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LN	DESCRIPTION	JFC	SOURCE	1999	2000	2001
1	<b>VOLUME SENSITIVE</b>					
2	<b>LABOR</b>					
3	Tennessee Consumer Headcount For JFC 2E40	2E4X	Input Sheet, Ca, (L28 + L29)	133		
4	Avg. Annual Production Labor Hrs. Per Headcount - Non-MGT		Input Sheet, Ca, L30	1,865		
5	Tennessee Consumer Annual Labor Hours		L3 x L4	247,112.50		
6	Consumer Percentage of Collection Center Associated With Non-Pay		Input Sheet, Ca, L34	95%		
7	Tennessee Consumer Annual Labor Hours Non-Pay		L5 x L6	234,756.88		
8	Tennessee Average Consumer Monthly Labor Hours Non-Pay		L7 / 12 months	19,563.07		
9	January - September Tennessee Consumer Labor Hour Non-Pay		L8 x 9 months	176,067.66		
10	October - December Tennessee Consumer Labor Hours Non-Pay		L8 x 3 months	58,689.22		
11	Repression Rate - Consumer/Residence		Input Sheet, Ca, L2	0%		
12	October - December Tennessee Consumer Labor Hours Non-Pay - Repressed		L10 x (1 - L11)	58,689.22		
13	Tennessee Consumer Annual Labor Hours Non-Pay	2E4X	L9 + L12	234,756.88		
14						
15	Tennessee Consumer Annual Labor Hours Non-Pay		L8 x 12 months		234,756.88	234,756.88
16	Tennessee Consumer Annual Labor Hours Non-Pay Repressed		L15 x (1 - L11)		234,756.88	234,756.88
17	Annual Tennessee Labor Hours Non-Pay		L13 and L16	234,756.88	234,756.88	234,756.88
18	Average Annual Consumer Tennessee Labor Hours Non-Pay - Repressed	2E4X	Sum L17 / 3 years	234,756.88		
19						
20	Tennessee Small/Complex Business Headcount		Input Sheet, Ca, L39	23		
21	Tennessee Small/Complex Business Annual Labor Hours		L20 x L4	42,895.00		
22	Average Tennessee Small/Complex Business Monthly Labor Hours		L21 / 12 months	3,574.58		
23	January - September Tennessee Small/Complex Business Labor Hour		L22 x 9 months	32,171.25		
24	October - December Tennessee Small/Complex Business Labor Hours		L22 x 3 Months	10,723.75		
25	Repression Rate - Small/Complex Business		Input Sheet, Ca, L3	0%		
26	October - December Tennessee Small/Complex Business Labor Hours - Repressed		L24 x (1 - L25)	10,723.75		
27	Annual Tennessee Small/Complex Business Labor Hours		L23 + L26	42,895.00		
28						
29	Annual Tennessee Small/Complex Business Labor Hours - Repressed		L21 x (1 - L25)		42,895.00	42,895.00
30	Annual Tennessee Small/Complex Business Labor Hours - Repressed		L27 and L29	42,895.00	42,895.00	42,895.00
31	Average Annual Tennessee Small/Complex Business Labor Hours - Repressed	2E4X	Sum L30 / 3 years	42,895.00		
32						
33	Regional Small/Complex Business Headcount Service Center		Input Sheet, Ca, L40	460		
34	Percentage of Service Center - Collections Activity		Input Sheet, Ca, L41	25%		
35	Tennessee Small/Complex Business Annual Labor Hours - Service Center		L33 x L34 x L4 x Demand, L31	25,802.46		
36	Average Monthly Small/Complex Business Labor Hours - Service Center		L35 / 12 months	2,150.21		
37	January - September Small/Complex Business Labor Hours - Service Center		L36 x 9 months	19,351.85		
38	October - December Small/Complex Business Labor Hours - Service Center		L36 x 3 months	6,450.62		
39	October - December Small/Complex Business Labor Hours - Service Center - Repressed		L38 x (1 - L25)	6,450.62		
40	Annual Tennessee Small/Complex Business Labor Hours - Service Center		L37 + L39	25,802.46		
41						
42	Annual Tennessee Small/Complex Business Labor Hours - Repressed Service Center		L35 x (1 - L25)		25,802.46	25,802.46
43	Annual Tennessee Small/Complex Business Labor Hours - Repressed Service Center		L40 and L42	25,802.46	25,802.46	25,802.46
44	Average Annual Tennessee Small/Complex Business Labor Hours - Service Center Repressed	2E5X	Sum L43 / 3 years	25,802.46		
45						
46	<b>ADDITIVES</b>					
47	Regional Coordination of LPC in BBI Headcount		Input Sheet, Ca, L5	3.25		
48	Avg. Annual Production Labor Hrs. Per Headcount - MGT		Input Sheet, Ca, L31	1,928		
49	Annual Regional Production Labor Hours (BBI, JG58)		L47 x L48	6,266	6,266	6,266
50	BBI Labor Rate Excluding PBT (BBI, JG58)		Input Sheet, Cb-d, L51	\$41.93	\$43.27	\$44.70
51	Annual BBI Regional Labor Cost		L49 x L50	\$262,733.38	\$271,129.82	\$280,090.20
52						
53	Regional BBI Billing Control Percentage of Headcount for LPC		Input Sheet, Ca, L6	5%		
54	Regional BBI Billing Control Headcount		Input Sheet, Ca, L7	18		
55	Avg. Annual Production Labor Hrs. Per Headcount - Non-MGT		Input Sheet, Ca, L30	1,865		
56	Annual Regional BBI Billing Control Labor Hours		L53 x L54 x L55	1,678.50	1,678.50	1,678.50
57	BBI Labor Rate Excluding PBT (BBI, WS18)		Input Sheet, Cb-d, L52	\$29.93	\$30.89	\$31.91
58	Annual BBI Regional Labor Cost		L56 x L57	\$50,237.51	\$51,848.87	\$53,560.94
59						
60	Regional BBI Adjustments Group Percentage of Headcount for LPC		Input Sheet, Ca, L8	2%		
61	Regional BBI Adjustments Group Headcount		Input Sheet, Ca, L9	13		
62	Annual Regional BBI Adjustments Labor Hours		L60 x L61 x L55	484.9	484.9	484.9
63	BBI Labor Rate Excluding PBT (BBI, WS16)		Input Sheet, Cb-d, L53	\$29.55	\$30.50	\$31.51
64	Annual BBI Regional Labor Cost		L62 x L63	\$14,328.80	\$14,789.45	\$15,279.20
65						
66	Total Annual BBI Regional Labor Cost		L51 + L58 + L64	\$327,299.68	\$337,768.14	\$348,930.33
67	Tennessee Percentage of Demand		Demand Sheet, L31	12.0305%	12.0305%	12.0305%
68	Annual Tennessee BBI Labor Cost (excluding PBT)		L66 x L67	\$39,375.86	\$40,635.27	\$41,978.14
69	Average Monthly Tennessee BBI Labor Cost (excluding PBT)		L68 / 12 months	\$3,281.32		
70	January - September Tennessee BBI Labor Cost (exc PBT)		L69 x 9 months	\$29,531.89		
71	October - December Tennessee BBI Labor Cost (exc PBT)		L69 x 3 months	\$9,843.96		
72	Weighted Repression Rate Based on LPC Accounts		Demand Sheet, L74	0.0000%		
73	October - December Tennessee BBI Labor Cost (exc PBT) - Repressed		L71 x (1 - L72)	\$9,843.96		
74	Tennessee BBI Labor Cost (exc PBT) Repressed		L70 + L73	\$39,375.86		
75	Tennessee BBI Labor Cost (exc PBT) Repressed		L68 x (1 - L72)		\$40,635.27	\$41,978.14
76	Tennessee BBI Labor Cost (exc PBT) Repressed		L74 and L75	\$39,375.86	\$40,635.27	\$41,978.14
77	Average Annual Tennessee BBI Labor Cost (excluding PBT) - Repressed		Average L76	\$40,663.09		

BellSouth Telecommunications, Inc.

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PRIVATE/PROPRIETARY  
No disclosure outside BellSouth except by written agreement.

4/5/00, 8:41 AM



**LATE PAYMENT CHARGE  
RECURRING INPUT WORKSHEET FOR COST CALCULATOR**

TENNESSEE  
WORKPAPER 4  
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LN	DESCRIPTION	JFC	SOURCE	1999	2000	2001
78	Cost Based Billing System PRBT Rate		Input Sheet, Ca, L56	0.20273		
79	Annual Tennessee BBI Regional Labor Cost		L77 x (1 + L78)	\$48,906.71		
80	Cost Based Billing System Corp Overhead Rate		Input Sheet, Ca, L57	0.094556		
81	Annual Tennessee BBI Corp Overhead Cost		L79 x L80	\$4,624.42		
82	Cost Based Billing System Supporting Investment Related Rate		Input Sheet, Ca, L58	0.124033		
83	Annual Tennessee BBI IRC Cost		L79 x L82	\$6,066.05		
84	Sub-Total Tennessee BBI Cost		L79 + L81 + L83	\$59,597.18		
85	Cost Based Billing System Float		Input Sheet, Ca, L59	0.013901		
86	Annual Tennessee BBI FDC Labor Cost - Repressed		L84 x (1 + L85)	\$60,425.65		
87						
88	Daily Sales Outstanding Interest Expense		Input Sht, L43* Input Sht, Cb, L55	\$755,586.37		
89	Daily Sales Outstanding Interest Expense		L88 x Input Sheet, Cc, L55		\$779,765.13	
90	Daily Sales Outstanding Interest Expense		L89 x Input Sheet, Cd, L55			\$805,497.38
91	Daily Sales Outstanding Interest Expense		L88, L89, L90	\$755,586.37	\$779,765.13	\$805,497.38
92	Avg Monthly Daily Sales Outstand Inerest Expense - Repressed		Sum L91 / 3	\$780,282.96		
93						
94	BBI Warning Message Bill Lines on Every Bill		Input Sheet, Ca, L11	2		
95	Tennessee Total Study Bills Mailed		Demand Sheet, L42	73,539,860		
96	Tennessee Total Study BBI Warning Message Bill Lines (repression not required)		L94 x L95	147,079,719		
97						
98	Total Tennessee Monthly Accounts With LPC		Demand, L29	524,117		
99	BBI Bill Lines Per LPC Account		Input Sheet, Ca, L12	1		
100	Tennessee Monthly LPC Bill Lines		L98 x L99	524,117		
101	January - September Tennessee Monthly LPC Bill Lines		L100 x 9 months	4,717,053		
102	October - December Tennessee Monthly LPC Bill Lines		L100 x 3 months	1,572,351		
103	October - December Tennessee Monthly LPC Bill Lines - Repressed		L102 x (1 - L72)	1,572,351		
104	Tennessee LPC Bill Lines - Repressed		L101 + L103	6,289,404		
105	Tennessee LPC Bill Lines - Repressed		L100 x 12 months x (1 - L72)		6,289,404	6,289,404
106	Tennessee LPC Bill Lines - Repressed		L104 and L105	6,289,404	6,289,404	6,289,404
107	Tennessee Total Study LPC Bill Lines - Repressed		Sum L106	18,868,212		
108						
109	Tennessee Total Study Bill Line Impact		L96 + L107	165,947,931		
110	Generic MegaCenter FDC Cost Per Print Line (98-02)		Input Sheet, Ca, L13	\$0.013629		
111	Tennessee Total Study MegaCenter Bill Impact Cost		L109 x L110	\$2,261,704.35		
112						
113						
114						
115						
116						
117	Tennessee Small/Complex Business Annual Notices - Repressed		Demand Sheet, L54	256,300	256,300	256,300
118	Small Business Bill Form Cost Per Physical Page		Input Sheet, Cb-d, L64	\$0.006910	\$0.007131	\$0.007366
119	Small Business Carrier Envelope Cost Per Envelope		Input Sheet, Cb-d, L65	\$0.012820	\$0.013230	\$0.013667
120	USPS Per Notice		Input Sheet, Cb-d, L63	\$0.33	\$0.33	\$0.33
121	Small Business Mailing Cost Per Notice		L118 + L119 + L120	\$0.349730	\$0.350361	\$0.351033
122	Small Business Annual Mailing Cost		L117 x L121	\$89,635.80	\$89,797.62	\$89,969.83
123	Tennessee Average Annual Small Business Mailing Cost		Average L122	\$89,801.08		
124	Regular Bill Inserter FDC per Bill Page (98 - 02)		Input Sheet, Ca, L66	\$0.003911		
125	Bill Simplex Printer FDC per Small Bus Bill Page (98 - 02)		Input Sheet, Ca, L67	\$0.018258		
126	Small Business Inserter and Printer Cost Per Notice		L124 + L125	\$0.022169		
127	Average Annual Small/Complex Business Notices		Average L117	256,300		
128	Tennessee Average Annual Printer and Inserter Cost		L126 x L127	\$5,681.91		
129	Tennessee Annual Small Business Notice Cost		L123 + L128	\$95,483.00		
130						
131	Tennessee Consumer Annual Notices - Repressed		Demand Sheet, L65	3,392,708	3,392,708	3,392,708
132	Standard Bill Form Cost Per Physical Page		Input Sheet, Cb-d, L61	\$0.003605	\$0.003720	\$0.003843
133	Standard Bill Carrier Envelope Cost Per Envelope		Input Sheet, Cb-d, L62	\$0.010900	\$0.011249	\$0.011620
134	Consumer Mailing Cost Per Notice		L132 + L133 + L120	\$0.344505	\$0.344969	\$0.345463
135	Consumer Annual Mailing Cost		L131 x L134	\$1,168,804.99	\$1,170,379.75	\$1,172,055.68
136	Tennessee Average Annual Consumer Mailing Cost		Average L135	\$1,170,413.47		
137	Duplex Printer FDC per Bill Page (98 - 02)		Input Sheet, Ca, L68	\$0.002651		
138	Consumer Inserter and Printer Cost Per Notice		L137 + L124	\$0.006562		
139	Average Annal Consumer Notices		Average L131	3,392,708		
140	Tennessee Average Annual Printer and Inserter Cost		L138 x L139	\$22,262.95		
141	Tennessee Annual Consumer Notice Cost		L136 + L140	\$1,192,676.42		
142	Total Tennessee Annual Notice Cost		L129 + L141	\$1,288,159.42		
143						
144						
145						
146	Tennessee Average Annual Computer Cost - Repressed		Input Sheet, Ca, L60	\$113,348.19		
147						
148						
149						
150						
151						
152						
153						

LATE PAYMENT CHARGE  
RECURRING INPUT WORKSHEET FOR COST CALCULATOR

TENNESSEE  
WORKPAPER 4  
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LN	DESCRIPTION	JFC	SOURCE	1999	2000	2001
154	<b>TELRIC INPUT SUMMARY</b>					
155	Labor:					
156	CON Lbr Hrs	2E4X	L18 / 12 mths	19,563.07		
157	SBS Collection Lbr Hrs	2E4X	L31 / 12 mths	3,574.58		
158	SBS Service Lbr Hrs	2E5X	L44 / 12 mths	2,150.21		
159						
160						
161						
162						
163	Additives:					
164	BBI FDC Labor		L86 / 12 mths	\$5,035.47		
165	Daily Sales Outstand Interest Exp		L92	\$780,282.96		
166	Bill Line Impact Cost		L111 / 36 months	\$62,825.12		
167	Notice Cost		L142 / 12 months	\$107,346.62		
168	Computer Cost		L146 / 12 months	\$9,445.68		

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# Recurring Cost Summary

	A	B	C	D	E	F	G
1	Tennessee						
2	LPC1.1 Late Payment Charge						
3							
4			<u>Volume Sensitive</u>				<u>Volume Insensitive</u>
5							
6			<u>Direct</u>				<u>Direct</u>
7			<u>Cost</u>				<u>Cost</u>
8							
9	Recurring Cost Development Reports		\$0.00				\$0.00
10							
11	LABOR EXPENSES:						
12	CON Lbr Hrs		\$568,894.16				\$0.00
13	CON Supt Monthly Lbr Hrs		\$0.00				\$16.71
14	SBS Supt Monthly Lbr Hrs		\$0.00				\$175.85
15	SBS Collection Lbr Hrs		\$103,948.88				\$0.00
16	SBS Service Lbr Hrs		\$63,710.57				\$0.00
17							
18	OTHER EXPENSES:						
19	2E40 NL Monthly Expense CON		\$0.00				\$330,228.33
20	2E40 NL Monthly Expense SBS		\$0.00				\$96,635.50
21	BBi FDC Labor		\$5,035.47				\$0.00
22	Daily Sales Outstand Interest Exp		\$780,282.96				\$0.00
23	IT - Mo. Contract Exp		\$0.00				\$12,709.89
24	Bill Line Impact Cost		\$62,825.12				\$0.00
25	Notice Cost		\$107,346.62				\$0.00
26	Computer Cost		\$9,445.68				\$0.00
27	Total Monthly Cost		\$1,701,489.47				\$439,766.27
28	Gross Receipts Tax Factor	X	1.003121			X	1.003121
29	Monthly TSLRIC		\$1,706,799.82				\$441,138.78
30							
31	Total Monthly TSLRIC:			\$2,147,938.60			

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# Recurring Labor Expense Development - Volume Sensitive

	A	B	C	D	E	F	G	H	I	J	K
	Tennessee										
1	LPC1.1 Late Payment Charge										
2											
3							A		B		C=AxB
4											
5											
6											
7											
8											
9											
10											
11	CON Lbr Hrs		JFC/ Payband		JFC/Payband Description		Work Time		Direct Labor Rate		Direct Expense
12	CON Supt Monthly Lbr Hrs	2E4X		Collections Representative		19,563.07		\$29.08		\$568,894.16	
13	SBS Supt Monthly Lbr Hrs	JG58		Job Grade 58		0.00		\$45.488		\$0.00	
14	SBS Collection Lbr Hrs	JG58		Job Grade 58		0.00		\$45.488		\$0.00	
15	SBS Service Lbr Hrs	2E4X		Collections Representative		3,574.58		\$29.08		\$103,948.88	
16		2E5X		Customer Service		2,150.21		\$29.63		\$63,710.57	
17											\$736,553.62

## Recurring Labor Expense Development - Volume Insensitive

[illegible]

**PRIVATE/PROPRIETARY**

**PRIVATE/PROPRIETARY**

4/4/2000

# Nonrecurring Cost Summary

	A	B	C
1	Tennessee		
2	LPC1.1 Late Payment Charge		
3			
4			<u>Nonrecurring Cost</u>
5			
6			<u>Direct</u>
7	<u>Description</u>		<u>Cost</u>
8			
9	Nonrecurring Cost Development Reports		\$98.50
10			
11	OTHER EXPENSES:		
12	BBI Insert FDC		\$59,094.72
13	IT Labor		\$8,922.48
14	Total Cost		\$68,115.71
15	Gross Receipts Tax Factor	X	1.003121
16	<b>TSLRIC</b>		<b>\$68,328.29</b>

### Nonrecurring Cost Development - Direct Cost

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BellSouth Telecommunications, Inc.  
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REQUEST: Please state each and every fact which supports BellSouth's statement that its proposed charges for late payments are not payments associated with the provision of telecommunications service?

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. BellSouth does not know to what purported "statement" of BellSouth the Request refers. Without waiving this objection, please see BellSouth's Answer to the CAD's complaint.



**REQUEST:** Please state the economic or financial value of each and every service, benefits, or thing provided by BellSouth to local basic exchange service customers on June 6, 1995 without an additional rate or charge.

- a) Please state the economic cost and financial value of each and every service, benefit, or thing provided to BellSouth basic service customers without additional charge to the customer on June 6, 1995.
- b) Please state the economic cost and financial value of each and every service, benefit, or thing provided to BellSouth basic service customers with a fixed additional charge to the customer on June 6, 1995.
- c) For "a" and "b" above please state the economic cost and financial value as of December 1, 1998.

**RESPONSE:** BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome.

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REQUEST: What lead lag studies have been performed on behalf of BellSouth for regulated services in its region since 1990?

RESPONSE: BellSouth operates under an approved price regulation plan in Tennessee. BellSouth, therefore, objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. Without waiving these objections, BellSouth responds that the following are the lead lag studies performed by BellSouth since 1990:

<u>Year</u>	<u>Study</u>
1990	Lead/Lag Study
1993	Lead/Lag Study
1994	1993 Study updated for revised lags in FIT, SIT and Payroll
1995	1993 Study updated for revised lags in FIT, SIT and Payroll

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REQUEST: Please produce for inspection and copying any and all contracts made with other telecommunications companies or organizations for whom BellSouth bills Tennessee consumers.

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, please refer to Section E8 of BellSouth's Tennessee Access Services Tariff and to Section A37 of BellSouth's Tennessee General Subscriber Services Tariff. Additionally, BellSouth will make copies of current Billing and Collection Services (B&C) contracts available for inspection (pursuant to the terms and conditions of the Protective Order entered in this docket) at BellSouth's offices at 333 Commerce Street in Nashville, Tennessee at a mutually convenient time.

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REQUEST: Please produce for inspection and copying any and all contracts BellSouth had with other entities or persons for whom BellSouth billed and which were in effect on the date BellSouth filed its proposed late charge tariff with the Tennessee Regulatory Authority.

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, please see BellSouth's response to Item No. 31.

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REQUEST: Please produce for inspection and copying any and all documents, as defined in the preamble to these discovery requests, which BellSouth prepared or considered with respect to seeking any late payment charge tariff in Tennessee. This interrogatory is intended to have BellSouth produce any and all documents and communications, electronic or otherwise, which any BellSouth employee produced, saw, or read from the idea stage to the present which relates to seeking or proposing any late charge tariff for Tennessee. If a portion of the information has been provided in response to other requests for production, the provided information does not need to be produced again.

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, please refer to the responses to these Requests.

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REQUEST: Please produce for inspection and copying any and all documents, as defined in the preamble to these discovery requests, which BellSouth prepared or considered with respect to seeking any late payment charge tariff in any other locale in its region since 1990. This interrogatory is intended to have BellSouth produce any and all documents and communications, electronic or otherwise, which any BellSouth employee produced, saw, or read from the idea stage to the present which relates to seeking or proposing any late charge tariff other than Tennessee. If a portion of the information has been provided in response to other requests for production, the provided information does not need to be produced again.

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, please refer to the responses to these Requests.

REQUEST: As a hypothetical question, assume that BellSouth's aggregate revenues and its initial rates in Tennessee on either December 1, 1999 or December 9, 1999 encompassed any and all costs and effects on the company due to customer late payments and were deemed just, reasonable and affordable. Assuming that the preceding hypothetical is true, please state each and every reason that BellSouth's aggregate revenues, as of the date it filed the proposal in this case, were less than just, reasonable and affordable?

RESPONSE: BellSouth objects to this Request to the extent that it seeks the mental impressions or work product of its attorneys. BellSouth further objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. BellSouth objects to this request to the extent that the hypothetical question is not supported in fact or law. Without waiving these objections, BellSouth responds that the Request seems to misapprehend the price regulation statutes. The price regulation statutes maintain affordable rates by creating a statutory revenue cap. *See, e.g.,* T.C.A. §65-5-209. BellSouth is allowed to adjust its rates for basic local exchange telephone services or non-basic services "so long as its aggregate revenues for basic local exchange telephone services or non-basic services generated by such changes do not exceed the aggregate revenues generated by the maximum rates permitted by the price regulation plan." T.C.A. §65-5-209(e). Because BellSouth has complied with these statutes, its proposed tariff is lawful and should be approved.

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**REQUEST:** Please produce any and all information received or considered by BellSouth from companies in the southeastern United States with "comparable" credit granting policies and state the facts that make them reasonable.

**RESPONSE:** BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, please see attached.



The following chart lists the current late payment charges for various companies in Tennessee:

<b>Company</b>	<b>Late Payment Charge</b>
Metro (Nashville) Water Service	5%
Nashville Electric Service	5%
Knoxville Utilities Board	5%
Memphis Light, Gas & Water	5%
Nashville Gas Company	5%
Electric Power Board of Chattanooga (power utility)	5%
Cleveland Utilities	5%
Intermedia (cable television)	\$5.00

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REQUEST: Please produce for inspection and copying any and all calculations and workpapers used in computing the annual discounts provided to Tennessee consumers who pay their bills in advance of the due date.

RESPONSE: This information provided in response to Item No. 9 was extracted from BellSouth's billing systems.

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REQUEST: When BellSouth bills on behalf of another company, please state BellSouth's payment to the other company as a percentage of the total dollars billed on behalf of the other company and provide the estimated late charges that BellSouth would collect on behalf of the other company.

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad and that responding to it would be unduly burdensome. Without waiving these objections, BellSouth responds that it does not, in the ordinary course of its business, maintain documents that provide the information requested at the level of detail set forth in this Request.

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REQUEST: BellSouth admits that its aggregate revenues on June 6, 1995 and December 1, 1998 included the revenues associated with "charges?"

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad.

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**REQUEST:** BellSouth admits that it does not purchase, from other telecommunications service providers, all of the accounts for which it bills?

**RESPONSE:** BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad. BellSouth admits that it purchases receivables submitted by B&C customers and Bill Processing Service customers for billing to the local service accounts of BellSouth. To the extent that this Request is inconsistent with this response, it is denied.

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REQUEST: BellSouth admits that rates and charges for utility services do not exist in isolation?

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad; that it does not relate to statements or opinions of fact, and that it does not relate to the application of law to fact.

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REQUEST: BellSouth admits that rates have meaning only when one knows the services, benefits, or things to which the rates are attached?

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad; that it does not relate to statements or opinions of fact, and that it does not relate to the application of law to fact.

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REQUEST: BellSouth admits that before it applied for price regulation, during its application for price regulation, and after its application for price regulation that the rates it charged had and have meaning only when one knows the services, benefits or things to which the rates are attached?

RESPONSE: BellSouth objects to this Request on the grounds that it is irrelevant and that the information sought does not appear reasonably calculated to lead to the discovery of admissible evidence. BellSouth also objects to this Request on the grounds that it is vague and overly broad; that it does not relate to statements or opinions of fact, and that it does not relate to the application of law to fact.